

Memorandum

AEC Agenda Item IV.
May 9, 2011

To : AEC Members

Date : May 5, 2011

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Subject : Consideration of Recommendation to the CBA to Adopt Regulations Clarifying the 20 Units of Accounting Study Required Pursuant to Business and Professions Code Section 5094(b)

Since the first Accounting Education Committee (AEC) meeting in April 2010, members have worked diligently to define the 20 units of accounting study. By the February 2011 meeting, members had reached general agreements on the allocation of the 20 units with the only outstanding item being a definition for the term "other work relevant to accounting and business."

At the April 2011 meeting, members reviewed two methods for defining the term "other academic work relevant to accounting and business." The first method, based on the proposal developed by the subcommittee, focused on defining the knowledge, skills, and abilities students are expected to gain in completing the coursework. This objective would be accomplished through the use of four broad educational areas – skills-based, language/cultural, industry-based, and knowledge-based. The second method was based on discussions at the September 2010 AEC meeting and focused on identifying the specific subject areas that would qualify such as English, Medicine, and Biology.

After weighing the potential benefits and drawbacks of each method members came to a general consensus that combining the two approaches would be most prudent. Specifically, the definition would continue to be divided into broad educational areas including a description of the knowledge, skills, and abilities students are expected to gain but with the addition of the applicable disciplines and courses in each area.

One item of note that staff would like to draw members' attention to is in the skills-based education area where members came to a general agreement to include courses in the physical and life sciences. In a cursory review of college and university Web sites staff noted that the terms natural sciences and social sciences are also commonly used to describe disciplines such as Biology, Chemistry, Sociology, and Anthropology. To achieve members' desire to be inclusive of all

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areas of science, staff have included the terms natural sciences and social sciences in the list of skills-based disciplines.

As members are aware this is the last AEC meeting prior to the joint AEC/Ethics Curriculum Committee stakeholder meeting that will be held June 7, 2011. At the stakeholder meeting the proposal of each committee will be publicized and comments/feedback on the proposal will be solicited. In order to provide a finalized proposal, staff request that members take formal action to vote on the proposal for the full 20 units of accounting study provided in **Attachment 1**. An example of the resulting draft regulatory language is provided in **Attachment 2**.



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Attachment #1

AEC Proposal for the 20 Units of Accounting Study

- All 20 units of accounting study shall be completed at an upper division level or higher.
- A minimum of six units shall be completed in accounting subjects as defined by Section 9.2(b) of the CBA Regulations.
- A maximum of 14 units may be completed in business-related subjects, as defined by Section 9.2(c) of the CBA Regulations.
- A maximum of nine units may be completed in other academic work relevant to accounting and business as outlined below.
 - A maximum of three semester units in skills-based courses, which includes courses completed in the following disciplines: English, Communications, Journalism, and the Physical, Life, Natural, and Social Sciences.
 - A maximum of three semester units in courses in foreign language, to include sign language, or courses with the terms culture, cultural, or ethnic in the title.
 - A maximum of three semester units in industry-based courses, which includes courses with the word "industry" in the course title or courses completed in the following disciplines: Engineering, Architecture, and Real Estate.
- A maximum of four units may be completed in internships or independent studies.
- Completion of a Master of Accounting, Master of Taxation, or Master of Laws in Taxation shall be deemed equivalent to the completion of the 20 units of accounting study.



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Attachment #2

Draft Regulatory Language for the 20 Units of Accounting Study

Section ____ Education Required Under Business and Professions Code Section 5093 to Apply for Certified Public Accountant License.

(a) An applicant applying for CPA licensure after December 31, 2013, in addition to meeting the 24 semester units of accounting described in Section 9.2(b) and the 24 semester units of business-related subjects described in Section 9.2(c), shall, to the satisfaction of the Board, provide documentation to the completion of an additional 20 semester units of accounting study as described in Section ____ and 10 semester units of ethics study as described in Section ____.

(b) Satisfactory evidence as to educational qualifications shall take the form of certified transcripts of the applicant's college record, mailed directly to the Board from the educational institution; however, in unusual circumstances the Board may accept such other evidence as it deems appropriate and reasonably conclusive. For foreign education, in addition to certified transcripts of the applicant's college record, satisfactory evidence usually takes the form of an evaluation of educational credentials by a credentials evaluation service approved by the Board pursuant to Section 9.1.

(c) For purposes of this section, one quarter unit is equivalent to two-thirds of one semester unit.

Section ____ Accounting Study Required Under Business and Professions Code Section 5094.

(a) In order for an applicant to satisfy the accounting study requirement, he/she must meet the requirements described in either subsection (b) or (c).

(b) Documentation to the satisfaction of the Board conferral of a Master's Degree in Accounting, Master's Degree in Taxation, or a Master of Laws in Taxation Degree.

(c) Completion of 20 semester units at a college or university level of upper division or higher as described below.

(1) A minimum of six semester units shall be completed in accounting subjects as described in Section 9.2(b).

(2) A maximum of 14 semester units may be completed in business-related subjects as described in Section 9.2(c).

(3) A maximum of nine semester units may be completed in other academic work relevant to accounting and business. Other academic work relevant to accounting and

business shall provide an applicant with skills and knowledge enhancing his/her ability to practice public accounting and may include the following:

(A) A maximum of three semester units in courses that increase an applicant's oral/verbal, written, and presentations skills, as well as increase his/her ability to gather, critically analyze and assess, and reach conclusions. Courses shall be completed in the following disciplines: English, Communications, Journalism, or the Physical, Life, Natural, and Social Sciences.

(B) A maximum of three semester units in courses in foreign language, to include sign language, and cultural or ethnic studies.

(C) A maximum of three semester units in courses that provide applicants with information on the business, economic, and/or financial market within which a particular industry operates. Courses shall include the word "industry" in the course title or be completed in the following disciplines: Engineering, Architecture, or Real Estate.

(4) A maximum of four semester units may be applied in internships or independent study.